

## Message Text

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PAGE 01 MOSCOW 01076 240958Z  
ACTION EUR-12

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P R 240800Z JAN 78  
FM AMEMBASSY MOSCOW  
TO USDOC WASHDC PRIORITY  
INFO SECSTATE WASHDC 7018  
AMEMBASSY VIENNA

UNCLAS MOSCOW 1076

USDOC FOR BEWT/TPD (THOMPSON)

VIENNA FOR VONTILLIUS

E.O. 11652: N/A  
TAGS: BEXP, UR  
SUBJECT: PROPOSED S/ME ON ARCTIC OIL '78

REF: (A) USDOC 348, (B) MOSCOW 18734, (C) MOSCOW 18608  
(D) USDOC 24595

1. WHILE CONCEPT RAISED REF (A) APPEARS ON SURFACE TO BE AN  
ATTRACTIVE ONE, WOULD APPRECIATE CLARIFICATION ON SEVERAL  
MATTERS BEFORE MAKING OUR  
FINAL RECOMMENDATIONS.

A. WILL PROPOSED EVENT BE LIMITED TO 8-10 FIRMS AS IS  
NORMAL FOR S/ME'S HELD IN USCO?

B. IF SO, WILL THOSE 8-10 FIRMS BE ASKED TO BRING MORE  
EQUIPMENT THAN WOULD BE USUAL FOR S/ME IN USCO, THEREBY  
TRANSFORMING BAKU EVENT MORE INTO AN EXHIBIT THAN A SEMINAR?

C. IF MORE THAN 8-10 FIRMS, HOW MANY DOES TPD ENVISION?

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D. IF MORE THAN 8-10 COMPANIES ARE CONTEMPLATED AND MORE EQUIP-  
MENT ALLOWED THAN FOR USUAL S/ME, WILL SPECIAL "EXHIBIT TEAM"  
FROM BEWT/TPD BE ASSIGNED?

E. WOULD A "CATALOGUE SHOW" BE INCLUDED AS PART OF PROPOSED EVENT?

F. WOULD AN "INDUSTRY SPECIALIST" BE SENT AS FOR BDO'S?

G. WE ASSUME THEME OF ORIGINAL S/ME, I.E., "ARCTIC OIL" WOULD BE CHANGED TO CORRESPOND MORE TO BAKU THEME AND GEOGRAPHIC AREA. ARE WE CORRECT?

2. AS USDOC AWARE, OUR 1978 FALL SCHEDULE WOULD BE QUITE HEAVY EVEN WITHOUT PROPOSED BAKU EVENT; I.E., "AGRICULTURAL MACHINERY '78" (AUG 31-SEPT 14); ONE WEEK S/ME IN USCO (SEPT 11-15); "NAUKA '78 (OCT 12-23); OCTOBER S/ME (OCT 16-20). WHILE WE AS ALWAYS WELCOME AN ACTIVE SCHEDULE, THERE ARE PERSONNEL CONSTRAINTS TO CONSIDER WHICH MIGHT BECOME PIVOTAL WERE BAKU LAID ON AS SITE FOR SEPTEMBER S/ME.

3. CONCERNING PARA 1(G) ABOVE, EQUIPMENT FOCUSSED SOLELY ON ARCTIC CONDITIONS WOULD PERHAPS BE OUT-OF-THEME, AS BAKU SHOW (NEFTA-GAZ '78) CENTERS ON "TELEMECHANIZATION OF OIL AND GAS EXTRACTION" WITH SPECIAL EMPHASIS ON OFF-SHORE AND UNDER WATER APPLICATIONS.

4. WE ALREADY KNOW OF SEVERAL COMPANIES WHO ARE INTERESTED IN PARTICIPATING IN BOTH USCO ARCTIC S/ME AND IN BAKU EVENT. THESE FIRMS INTEND TO GO TO BAKU EVEN WITHOUT USDOC ASSISTANCE. TPD SHOULD THEREFORE CONSIDER FACT THAT SINCE THESE COMPANIES APPARENTLY WOULD GO TO BOTH EVENTS, OUR EFFORTS MIGHT BE BETTER SPENT PROVIDING THEM WITH AN ADDITIONAL MARKETING VEHICLE (ARCTIC S/ME) GEARED TOWARDS A DIFFERENT SECTOR OF SAME MARKET, RATHER THAN BY UNCLASSIFIED

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SUPPORTING THEM IN "NEFTA-GAZ '78" (BAKU), AN EVENT THEY WOULD GO TO ANYWAY.

5. FURTHER, TASS ECONOMIC AND COMMERCIAL NEWS SERVICE FOR JANUARY 13 REPORTS THAT FOLLOWING EIGHT U.S. FIRMS ARE ALREADY IN "NEGOTIATIONS" (PRESUMABLY WITH EKSPOTSENTR) FOR SPACE AT NEFTA-GAZ '78: BETTIS CORP., BENTLEY (NEVADA), SINGER, OTIS, TOTCO (SIC), SAMCO, CAMEROON IRON WORKS AND PECO ROBINSON. (ARTICLE ALSO LISTED INTERNATIONAL HARVESTER BUT CHECK WITH LOCAL MOSCOW REP CONFIRMED ONLY THAT FIRM WAS THINKING ABOUT PARTICIPATION IN BAKU. I-H UNHAPPINESS OVER NOT SELLING "A SINGLE STONE BOLT" AT "NEFTA-GAZ '77 IN MOSCOW LAST OCTOBER DESPITE SUBSTANTIAL DISPLAY OF EQUIPMENT HAS APPARENTLY TURNED FIRM OFF FOR TIME BEING TO IDEA OF LARGE EQUIPMENT DISPLAYS AT SOVIET TRADE FAIRS. ACCORDING TO REP, I-H MAY TAKE A SMALL INFORMATION BOOTH IN BAKU, BUT CERTAINLY NOTHING MORE.) IN VIEW OF THIS INFO, WE QUESTION EQUITY TO THOSE FIRMS OF ANNOUNCING USDOC PLANS TO PARTICIPATE AT BAKU NOW UNLESS, OF COURSE, THOSE WHO WISHED TO DO SO COULD STILL CANCEL THEIR DIRECT PARTICIPATION WITH SOVIET EKSPOTSENTR AND COME IN WITH US. MOREOVER, IT WILL BE A BIT DIFFICULT TO JUSTIFY LIMITING PARTICIPATION TO 8-10 FIRMS (PARA 1.A. ABOVE) ONLY SINCE OVERALL PARTICIPATION OF U.S. FIRMS LIKELY TO BE LARGE AND FIRMS NOT

ENJOYING BENEFITS OF USG DIRECT SUPPORT MAY CONSIDER THEMSELVES  
SOMEWHAT DISADVANTAGED THEREBY.

6. IN ASSESSING USG INVOLVEMENT AT "NEFTA-GAZ '78" IN BAKU, WE  
HAVE NOT TRIED TO FOCUS ON OUR PERCEIVED NEGATIVE ASPECTS BUT  
EXOGENOUS FACTORS - CONCLUSIONS OF PARA 3, REFTTEL (A) NOTWITH-  
STANDING - WOULD ARGUE FOR CAUTION BEFORE WE AGREE TO THIS  
ADDITIONAL UNDERTAKING. WE WILL AWAIT RESPONSES TO QUESTIONS  
POSED HEREIN BEFORE MAKING FINAL RECOMMENDATION.  
MATLOCK

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